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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

In re: ACACIA MEDIA TECHNOLOGIES CORPORATION	Case No. C 05-01114 MDL No. 1665 **SUPPLEMENTAL CASE MANAGEMENT STATEMENT OF PLAINTIFF ACACIA MEDIA TECHNOLOGIES CORPORATION RE SATELLITE DEFENDANTS' REQUEST FOR INFRINGEMENT MOTIONS** **DATE: March 7, 2008** **TIME: 10:00 am** **CTRM: Hon. James Ware**

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I. INTRODUCTION

Plaintiff and the more than forty Internet and Cable Defendants are all in agreement. Collectively, we have proposed the most efficient procedure to bring this matter to a conclusion pending appeal. As reflected in the Joint Case Management Statement filed on February 29th, we propose the filing of dispositive motions relating to patent invalidity under Section 112 and thereafter agreeing upon a form of final judgment or 54(b) certification. We further agree that it would be inefficient and a waste of substantial resources by the parties and the Court to move forward on infringement issues. Consideration of those issues would require the Court to lift the stay on discovery and would condemn the parties to conduct substantial discovery and expert witness activities without necessarily resolving the entirety of the disputed issues among the parties.

Only the three Satellite Defendants dissent.[1] They insist that they be allowed to move forward with dispositive motions on selected issues of non-infringement chosen by them, while at the same time reserving the right to pursue other issues of non-infringement should this case be reversed on appeal.[2] This proposal should not be adopted.

II. ARGUMENT

A. The Satellite Defendants' Proposal Will Not Avoid The Risk Of Piecemeal Appeals.

While all of the parties no doubt agree that the avoidance of the possibility of piecemeal appeals as a general rule is a good thing, the Satellite Defendants proposal makes no practical sense and does not achieve that goal. Among other things, it is facially inequitable and inefficient; it does

[1] Two of these Defendants are related parties.

[2] It is worth noting that, although the basis for the Satellite Defendants' request for a motion on non-infringement is the presence of the '720 patent and the fact that they are the only defendants against whom this patent was asserted, the Satellite Defendants nevertheless ask the Court to permit them to include in that motion non-infringement contentions which are unrelated to the '720 patent. For instance, the Satellite Defendants request that they be permitted to move for non-infringement based on the term "one of the remote locations." This term appears in claim 41 of the '992 patent, but does not appear in any asserted '720 patent claim. Claim 41 requires that the steps be performed by a "transmission system," which the Court has construed to include an "identification encoder." (6th CCO, at 9:1-7 and 11:15-18). The Court previously held that the "identification encoder" is indefinite. (2nd CCO, at 18:14-15).

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not even avoid the possibility of future appeals even though that is the Satellite Defendants' stated purpose for proposing it. The Satellite Defendants make that potential outcome express by reserving the right to pursue other issues of non-infringement in the event this Court is reversed on appeal. The Satellite Defendants want it both ways. Their proposal would allow them to cherry pick certain non-infringement issues for determination now, but reserve the right to present different non-infringement contentions should this matter be reversed on appeal and returned to this Court. Those reserved issues obviously would not be ripe for appeal now, but would be subject to a future appeal if needed. The Satellite Defendants' proposal does not avoid piecemeal appeal at all. Not only does it leave determination and appeal of the Satellite Defendants' reserved claims for a future date, but all of plaintiff's infringement claims, together with all of the other defendants' reserved claims are similarly deferred. The Satellite Defendants' proposal quite clearly does nothing other than to further its own undisclosed strategic ends.

B. The Satellite Defendants Proposal Will Serve Only To Delay the Appeal and Cause The Parties and The Court to Incur Substantial Expense.

Any benefit arguably associated with accepting the Satellite Defendants' proposal and moving forward to resolve selected infringement issues is small and substantially outweighed in this MDL proceeding by the time and expense necessarily associated with such determinations. If this Court's current claim constructions and indefiniteness determination are affirmed on appeal, this case is over. The Court has already ruled that: (1) the term "identification encoder" is indefinite, (2) the term "transmission system" includes an identification encoder, (3) the term "central processing location" includes a transmission system, and (4) the "means, responsive to the stored, compressed digitized data, for transmitting . . ." is not supported by structure in the specification. Therefore, because every asserted claim requires either an identification encoder, a transmission system, a central processing location, or a means, responsive to the stored, compressed digitized data, for transmitting . . . , the parties can stipulate, while reserving appeal rights, that based on the Court's rulings, all asserted claims are indefinite and therefore invalid, including those asserted against the

Satellite Defendants in the '720 patent.[3] As a result, the parties will be able to enter a stipulated Summary Judgment, which the Court can enter as a Final Judgment adjudicating, as invalid, all asserted claims and dismissing, without prejudice, all other remaining defenses and counterclaims (including all non-infringement defenses and counterclaims for all defendants), as being moot. *See, e.g., Nystrom v. Trex Co.*, 339 F.3d 1347, 1351 (Fed. Cir. 2003). If the Court rules in favor of defendants on any of their other 112 motions for written description or enablement that they contemplate bringing under our proposed procedure, then the Court can include those rulings in its Final Judgment.

The delay and cost of embracing the Satellite Defendants proposal to also address selected non-infringement issues by summary judgment would be substantial. Given the numerous parties, the number of patent claims in suit, and the number of accused methods and products potentially in this suit, considerable discovery and expert witness preparation would be required to resolve infringement issues prior to appeal. And it is not just the parties' resources at stake. The Court will no doubt be required to spend its time resolving discovery disputes, dispositive motions and other procedural issues associated with the Satellite Defendants' proposal. As reflected by the Markman process in this case itself, the Court has first hand experience and a substantial basis to conclude that enormous resources will be consumed should the application of the Markman rulings to numerous products be required. These burdens substantially outweigh the benefit of avoiding piecemeal appeals of a few of many non-infringement issues.

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[3] Acacia has asserted claims 4, 6-8, and 11 of the '720 patent against only the Satellite Defendants. Claims 8 and 11 of the '720 patent contain the term "central processing location." In its 4th CCO, the Court construed the term "central processing location" to mean "a single transmission system, as previously defined, from which compressed, digitized data representing a complete copy of at least one item of audio/video information, is transmitted at a non-real time rate to at least one of a multiple of local distribution systems." (4th CCO, at 6:18-21). Thus, the "central processing location" is construed to include a "transmission system." The Court held in its 6th CCO that the "transmission system" means the "configurable, interconnected, assemblage of components labeled and described in the specification as 'transmission system 100,' a detailed block diagram of which is shown in Figures 2a and 2b." (6th CCO, at 11:15-18). Included within this definition is an "identification encoder." (6th CCO, at 9:1-7). The Court previously held that the term "identification encoder" is indefinite. (2nd CCO, at 18:14-15). Therefore, claims 8 and 11 would be invalid in view of presence of the indefinite term "central processing location."

Claim 4 of the '720 patent includes the term "means, responsive to the stored, compressed digitized data, for transmitting . . ." The Court held that there was no corresponding structure for this means-plus-function phrase in the specification and invited motions to address this. (4th CCO, 19:9-21). If defendants were to move for a finding of invalidity of this phrase and the Court were to agree with defendants, or if Acacia were to so stipulate, then claim 4 and its dependant claims 6 and 7 would be adjudicated to be indefinite and therefore invalid.

To date, no discovery has been taken on the issue of infringement because discovery on that issue has been stayed. Contrary to the Satellite Defendants' self-serving proposal allowing limited discovery by plaintiff, in the event that infringement issues are considered, discovery cannot and should not be limited to the declarants that the defendants choose to rely upon to support their dispositive non-infringement motions. The patent claims-in-suit address complicated systems and methods which of course require documentary, technical proof which should be allowed to the full extent of Rule 26, Fed.R.Civ.Proc. The Cable and Internet Defendants have indicated that they will insist that their non-infringement issues also be considered if the Satellite Defendants' proposal is adopted. If any non-infringement motions are brought at this time, a voluminous production of documents and numerous depositions will be required by the more than forty parties to this action concerning an indeterminate number of infringing devices and methods. Likewise, substantial activity by experts will be required. In short, under the circumstances of this MDL action, non-infringement issues cannot possibly be easily determined as the Satellite Defendants suggest and any such determination will require the expenditure of enormous amounts of time and resources.

C. Non-Infringement Determinations Are Not Required to Present Section 112 Issues to the Federal Circuit for Review.

The Satellite Defendants' reliance on Federal Circuit jurisprudence to argue that a partial non-infringement determination is effectively required to perfect an appeal in this MDL action is misplaced. None of the cases cited by the Satellite Defendants involve determinations of invalidity based upon Section 112. None involve MDL cases with this many parties, claims and accused devices. Significantly, these cases do not suggest how any party can continue to prosecute its claims after findings have been made that will render the patents-in-suit invalid.

This Court has already completed its construction of the asserted claims without having considered any of the accused systems or methods. None of the § 112 grounds for invalidity raised by defendants – indefiniteness, non-enablement, or written description – relate to an accused device or system; each relates to the patent claims and specification itself. Thus, this case is readily distinguishable from *Wilson Sporting Goods Company vs. Hillerich & Bradsby Co.*, 442 F. 3d 1322 (Fed. Cir. 2006) where the Federal Circuit was puzzled by the addition of a limitation added to the claims by the trial court apparently on the basis of the identity of infringing products.

Finally, the Satellite Defendants' proposed schedule is ridiculous and highly prejudicial to Plaintiff. It provides Plaintiff with a mere 10 weeks within which to conduct all discovery of their accused systems and methods. No party has, to date, produced any documents or discovery on these issues due to the stay of discovery. Plaintiff should not be required to and cannot possibly defend the motions for summary judgment based only on a deposition of each defendants' declarant(s). At the same time, while it is taking discovery from these two defendants, Plaintiff would also need to take discovery from the more than 40 other defendants who choose to file similar motions and oppose the § 112 motions by all of the defendants. All of this discovery and motion practice cannot possibly be completed in the time frame proposed by defendants if this Court allowed summary judgment motions of non-infringement. Should the Satellite Defendants' proposal be adopted in any form, Plaintiff should be given a reasonable period to complete the requisite discovery.

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III. CONCLUSION

For all these reasons and authorities, plaintiff requests that this Court not adopt the Satellite Defendants' proposal to lift the discovery stay and permit summary judgment motions of non-infringement.

Respectfully submitted,

Dated: March 5, 2008

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